



A Guide to Your...

CalPERS Service Credit Purchase Options



California
Public Employees'
Retirement System

Each year, CalPERS sends you an Annual Member Statement that reports on your CalPERS years of service and member contributions. It's important to review this statement when you receive it, since your service credit amount is an important component in determining your future retirement benefits. There may be ways you can increase the amount of service credit you have with CalPERS. Perhaps you want to *redeposit* contributions you withdrew or make *new* contributions for eligible service you performed in the past but didn't receive credit for. Purchasing additional service credit can help you ensure that your retirement benefits are the highest the law allows — and may even let you retire earlier than you had planned!

A Guide to Your... CalPERS Service Credit Purchase Options



This booklet describes various types of CalPERS service credit you may be eligible to purchase and helps you decide if the increase in your *future* retirement benefits is worth the cost. On the following pages is information about the different service credit purchase options available. After you have read it, you can review the appropriate section to find out if you're eligible for a particular service credit option and what process you need to follow to request cost information and elect the purchase.

In most cases, you must request your cost information for purchase of service credit **before** you retire, so be sure to do so early in your retirement planning process.

What is service credit?

You earn service credit for each year or partial year you work for a CalPERS-covered employer. It accumulates on a fiscal year basis, July 1 through June 30, and is one of the factors used to calculate your future retirement benefits.

CalPERS retirement benefits are based on:

- your years of service (service credit);
- your age at retirement; and
- your highest salary (for one or three consecutive years, depending on your employer's contract).

To earn a full year of service credit during a fiscal year, in general you must work *at least*:

Hourly pay employees - 1,720 hours

Daily pay employees - 215 days

Monthly pay employees – 10 months full-time

Service credit for retirement purposes may differ from the service credit used by your employer for accrual of leave time.



How can I find out if I'm eligible for additional service credit?

If you're not sure, you need to check your CalPERS Annual Member Statement against your own employment records. Statements are mailed each October. (If yours isn't available, call CalPERS at (800) 352-2238 to request another copy.) Look for times when you withdrew contributions, were a temporary employee, were in the military, or took a leave of absence. You should also review the service credit purchase option information provided on page 4 to see if any of these options applies to you.

*With certain exceptions, you must request your cost information for purchase of service credit **BEFORE** you retire.*



Who can purchase CalPERS service credit?

- **Active Members** – Members who are currently employed by a CalPERS-covered employer. This includes employees of the State, noncertificated school employees, and employees of cities, counties, and other public agencies that contract with CalPERS.
- **Inactive Members** – Those who no longer work for a CalPERS-covered employer, but still have contributions on deposit at CalPERS. (Note: Inactive members may purchase only *certain types* of service credit. See each option section for eligibility.)
- **Reciprocal System Members** – Former CalPERS members who are active members of other California retirement systems that can be “linked” to CalPERS at retirement. Retirement systems that have reciprocity with CalPERS are listed on page 10.
- **Optional Members** – Elected or appointed officials or legislative employees who exercise the option of becoming CalPERS members.

Service Credit Purchase Options

CalPERS offers a variety of additional service credit purchase options. However, there are some limitations on who is eligible, so review the appropriate section to see if you qualify. You may be able to purchase service credit for time when you:

Redeposit

- withdrew your CalPERS retirement contributions; or
- transferred contributions from a member account due to a community property settlement and these contributions have been withdrawn.

Military, Peace Corps, or AmeriCorps*VISTA Service

- served in active military duty prior to your CalPERS membership or took a leave of absence to serve on active duty; or
- served with the Peace Corps or AmeriCorps*VISTA.

Service Prior to Membership

- worked for a CalPERS-covered employer before you became a CalPERS member (for example, as a seasonal, temporary, or part-time employee); or
- worked for a federal or state employer under the Comprehensive Employment and Training Act (CETA).

Leave of Absence

Took a leave of absence:

- for maternity or paternity;
- for a job-related injury or illness (temporary disability);
- to further your education;
- to work for a government agency, college, university, or nonprofit organization; or
- for a sabbatical.

Layoff, Prior Service, & Optional Member Service

- were laid off by a CalPERS-covered employer that contracts for the layoff benefit (you must have been a full-time employee laid off on or after January 1, 1981);
- were working for your employer before it contracted with CalPERS or before a contract exclusion was removed; or
- served as an elected or appointed official or legislative employee (you must currently be an optional member and, if eligible, *choose to become* a CalPERS member).

If any of these situations applies to you, check the appropriate section to find out if you qualify to purchase this service credit, how to get cost information, and any limitations that may apply.

This guide does not include information for State employees interested in converting Second Tier service to the First Tier. If you need this information, call CalPERS at (800) 352-2238 to request a Second Tier Conversion Election Package.

Purchasing Additional Service Credit

What is the cost to purchase service credit?

The cost is determined using formulas that are established by law and may differ depending on your type of membership (State, school, or public agency) and the service credit you're requesting. More detailed information on how costs are determined is included in each section.

Since service credit purchases can be costly, you can use the Service Credit Cost Estimator (available July 2000) on our web site (www.calpers.ca.gov) to get an idea of the cost for Redeposit; Maternity/Paternity (State and school members only); Military, Peace Corps, and AmeriCorps*VISTA (State and school members only); and Service Prior to Membership service credit purchases.

How long will it take to receive cost information?

You should receive your cost information approximately two to four weeks after CalPERS receives your completed request form.

Is it ALWAYS a good idea to purchase service credit?

Only **you** can decide if the increase to your future benefits is worth the cost. You may want to attend a CalPERS retirement workshop to find out more. Check with your nearest CalPERS Regional Office for dates and locations. (See list on inside back cover.) You can also use the on-line Retirement Planning Calculator on the CalPERS web site (www.calpers.ca.gov) to see how this additional service may impact your benefits.

What are the payment options?

You can choose to pay for this service credit in one of four ways:

- **lump-sum payment** – You pay the entire amount at one time.
- **installment payments** – You can make payments for up to 96 months. However, interest continues to accrue until the entire amount is paid.
- **partial lump-sum payment with installment payments** – You pay an *initial* lump sum, and spread out payments on the remaining balance. However, interest continues to accrue until the entire amount is paid.
- **rollover/transfer** – You can make a lump-sum or partial lump-sum payment by making a rollover or transfer from a qualified 401(a) or 401(k) plan.

Additional details on payment options and interest rates will be sent to you with your cost information and election document. After you receive these materials, you have one year to make your election decision; however, additional costs may apply.

You cannot purchase service credit in CalPERS if you have already received credit for it in another public retirement system, except in certain limited circumstances.

After You Mail Your Request

CalPERS Review

When CalPERS receives your completed request form, we will:

- review the information for completeness (if it is not complete, we will send it back);
- determine your eligibility (if you are **not** eligible, we will notify you by mail);
- calculate the cost for the purchase of your eligible service; and
- send you cost information and an election document to mail in if you decide to purchase the service credit.

Member Review

When you get the cost information, you need to:

- review the cost information to determine if a purchase would benefit you; and
- review the payment options and decide which is right for you.

Purchase Decision

If you decide to make a purchase, you need to:

- choose a payment option;
- complete and sign the election document; and
- return it to CalPERS.

*Your cost information is valid for one year, as long as you are still eligible to purchase this service credit; however, additional costs may apply. After one year, you must submit a **new** request for cost information.*





Military,
Peace Corps, or
*AmeriCorps*VISTA*



If you are a CalPERS member who served in the military or volunteered with the Peace Corps or AmeriCorps*VISTA (see page 18), you may be able to purchase this time as CalPERS service.

Military Service Credit

If you are a current or retired employee of the State, University of California, or California State University, or if you are a current, former, or retired employee of a CalPERS-covered employer that contracts for this option, you may purchase a **maximum** of four years of military service credit. Because purchase of this service credit may be costly, you should consider it carefully. You can use the on-line Retirement Planning Calculator on the CalPERS web site (www.calpers.ca.gov) to see how this additional service may impact your benefits.

If you were granted a military leave of absence, entered military active duty within 90 days of leaving your CalPERS-covered employment, and returned to CalPERS-covered employment (or were placed on a State civil service reemployment list) within six months of your discharge date, service credit will be posted to your account at no cost. If you returned to employment after the six-month period, you will be required to pay a portion of the cost. There are no limitations on the amount of time that can be credited.

Who's Eligible?

You CAN purchase military service credit if you're:

- a current or retired State or school employee (see exceptions below); or
- a current, former, or retired employee of a CalPERS-covered employer that contracts for this option;

AND

- you meet the eligibility requirements for your membership type listed on the next page.

You CANNOT purchase military service credit if you:

- are receiving military retirement pay;
- have more than 20 years' active military service;
- are employed by the San Diego County Office of Education, or as a *safety member* with the Los Angeles City Unified School District or the Los Angeles Community College District; or
- have received military service credit in any *other* retirement system.



What's Required?

CURRENT State and school members must:

- have served in active duty military at least one year; and
- have a minimum of one year of earned CalPERS service for each year of military service credit requested (4-year maximum).

RETIRED State and school members must have:

- served in active duty military at least one year;
- retired with at least one year of CalPERS service credit for each year of military service credit requested;
- retired on or after December 31, 1981; and
- a retirement date that is within 120 days of separation from a qualifying employer. (Your retirement allowance will be increased only **after** your election is received.)

CURRENT or FORMER employees of a CalPERS-covered employer that contracts for this option:

- must have served in active duty military; and
- may be eligible to purchase up to an *additional* six months of service credit.

RETIRED employees of a CalPERS-covered employer that contracts for this option must:

- have served in active duty military; and
- have retired within 120 days of separation from a qualifying employer. (Your retirement allowance will be increased only **after** your election is received.)



What's the Cost?

State and School Members

The cost for military service time is based on your current payrate, the amount needed to fund your future retirement benefits, and how much eligible military service time you have, plus an administrative fee of \$37.

State and school members can use the on-line Service Credit Cost Estimator (available July 2000) on the CalPERS web site (www.calpers.ca.gov) to get an idea of the cost of purchasing this service. Because the calculation is more complex for public agency members, the Estimator cannot do this calculation.

Public Agency Members

The cost for public agency members is calculated in one of two ways, depending on the date your employer's contract was amended to include this benefit:

(1) If your public agency added this benefit to its contract **between January 1, 1975 and December 31, 1976**, your cost will be based on your payrate and contribution rate in effect on your membership date with your employer. You must also pay the *employer* contributions based on the employer rate in effect *on your membership date*. Interest is added from your membership date through the date you make the purchase.

(2) If your public agency added this benefit to its contract **on or after January 1, 1977**, your cost will be based on your payrate and contribution rate in effect on your membership date with your employer. You must pay the *employer* contributions based on the employer rate in effect *at the time you elect to purchase the service credit*. Interest is added on both your contribution and the employer contribution from the membership date through the date you make the purchase.

What's Next?

Gather your military service information. Then complete the appropriate side of the request form. In all cases, you must submit supporting documentation (i.e. copy of Military Discharge Documents, DD-214, Certification of Military Service record, etc.) to CalPERS for all active duty periods, along with the request form. You may obtain a copy of your discharge document from:

National Personnel Records Center
Military Personnel Records
9700 Page Avenue
St. Louis, MO 63132-5100

You can also complete and mail in Standard Form 180, available on their web site at www.nara.gov/regional/mprsfl180.html.

Peace Corps or AmeriCorps*VISTA Service Credit

If you are an active CalPERS member, you may be eligible to purchase credit for up to three years of service in the Peace Corps or in AmeriCorps*VISTA (Volunteers In Service To America).

Who's Eligible?

You CAN purchase Peace Corps or AmeriCorps*VISTA service credit if you're:

- a State or school employee; or
- a public agency employee (if the employer contracts to provide this option).

You CANNOT purchase Peace Corps or AmeriCorps*VISTA service credit if:

- you are retired;
- you do not have certification of your dates of service; or
- your employer does not include this option in its contract.

What's Required?

You must be able to provide CalPERS with documentation certifying your dates of service.

What's the Cost?

The cost is based on your current payrate, the amount needed to fund your future retirement benefits, and how much eligible Peace Corps or AmeriCorps*VISTA service time you have, plus an administrative fee of \$37.

State and school members can use the on-line Service Credit Cost Estimator (available July 2000) on the CalPERS web site (www.calpers.ca.gov) to get an idea of the cost of purchasing this service. Because the calculation is more complex for public agency members, the Estimator cannot do this calculation.

What's Next?

Gather your volunteer service information. Then complete the appropriate side of the request form. Send the completed request form, along with a copy of your Peace Corps or AmeriCorps*VISTA certification letter, to the address at the bottom of the form. If you do not have a certification letter, you may request one from:

Peace Corps

Attn: Certifying Officer
Volunteer & Staff Payroll Services Division
1111 20th Street, NW
Washington, DC 20526

AmeriCorps*VISTA

Attn: CNCS/AmeriCorps*VISTA
Certifying Officer
1201 New York Avenue, N.W.
Washington, DC 20525





Request for Service Credit Cost Information Military Service

Step 1 - Complete Section A.

If we have provided cost information to you in the past for this service credit, check the “Yes” box and indicate the date your request was submitted. If you have submitted a retirement application, check the “Yes” box and indicate your planned retirement date.

Part 1 Fill in your current mailing information.

Part 2 List your active duty military service dates from your Military Certification.

Part 3 Sign and date the request form.

Step 2 - Submit the completed request form.

- Make a copy for your records.
- Attach a copy of your military discharge documents for all active duty dates (DD-214, Certification of Military Service Record, etc.).
- Mail the original to the CalPERS address listed below.

Section A: Documentation of Service (to be completed by member)

Have you requested this cost information before? ☐ Yes ☐ No If yes, list date request was submitted: _____

Have you submitted a retirement application? ☐ Yes ☐ No If yes, list retirement date: _____

Part 1 Member Information

| | | | |
|-----------------------------|------------------------|-------|-----|
| Name | Social Security Number | | |
| Former Name (if applicable) | Current Employer | | |
| Daytime Phone | | | |
| Mailing Address | City | State | ZIP |

Part 2 Military Active Duty Service Dates (attach certification)

| | | |
|---------------------|----------------------------------|---------------------------------|
| Armed Forces Branch | Enlistment Date (month/day/year) | Discharge Date (month/day/year) |
|---------------------|----------------------------------|---------------------------------|

Part 3 Certification

I hereby certify that the above information is true and correct.

| | |
|------------------|------|
| Member Signature | Date |
|------------------|------|

Mail To: CalPERS Member Services Division, P.O. Box 4000, Sacramento, CA 95812-4000



Member Services Division, P.O. Box 4000, Sacramento, CA 95812-4000
Telecommunications Device for the Deaf - (916) 326-3240 • (800) 352-2238 • FAX: (916) 558-4019

Request for Service Credit Cost Information Peace Corps or AmeriCorps*VISTA Service

Step 1 - Complete Section A.

If we have provided cost information to you in the past for this service credit, check the “Yes” box and indicate the date your request was submitted. If you have submitted a retirement application, check the “Yes” box and indicate your planned retirement date.

Part 1 Fill in your current mailing information.

Part 2 List your Peace Corps or AmeriCorps*VISTA service dates.

Part 3 Sign and date the request form.

Step 2 - Submit the completed request form.

- Make a copy for your records.
- Attach a copy of your Peace Corps or AmeriCorps*VISTA certification letter.
- Mail the original to the CalPERS address listed below.

Section A: Documentation of Service (to be completed by member)

Have you requested this cost information before? ☐ Yes ☐ No If yes, list date request was submitted: _____

Have you submitted a retirement application? ☐ Yes ☐ No If yes, list retirement date: _____

Part 1 Member Information

| | | | |
|-----------------------------|------------------------|-------|-----|
| Name | Social Security Number | | |
| Former Name (if applicable) | Current Employer | | |
| Daytime Phone | | | |
| Mailing Address | City | State | ZIP |

Part 2 Peace Corps/AmeriCorps*VISTA Service Dates (attach certification)

| | | |
|--|--|---|
| Indicate Peace Corps or AmeriCorps*VISTA | Beginning Date of Service (month/day/year) | Ending Date of Service (month/day/year) |
|--|--|---|

Part 3 Certification

I hereby certify that the above information is true and correct.

| | |
|------------------|------|
| Member Signature | Date |
|------------------|------|

Mail To: CalPERS Member Services Division, P.O. Box 4000, Sacramento, CA 95812-4000

For More Information

CalPERS Headquarters

400 P Street
Sacramento, CA 95814
(800) 352-2238
Telecommunications Device for
the Deaf: (916) 326-3240
FAX: (916) 558-4019

Sacramento Regional Office

2750 Gateway Oaks, Room 140
Sacramento, CA 95833
(800) 352-2238
as of June 2000: (877) 720-7377
FAX: (916) 231-7878

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720
(559) 440-4900
as of late 2000: (877) 720-7377
FAX: (559) 440-4901

Glendale Regional Office

Glendale Plaza
655 North Central Ave., Suite 1400
Glendale, CA 91203
(877) 720-7377
FAX: (818) 662-4304

Mountain View Regional Office

650 Castro Street, Suite 240
Mountain View, CA 94041
(650) 428-4600
as of late 2000: (877) 720-7377
FAX: (650) 428-4601

Orange Regional Office

500 North State College Blvd., Suite 750
Orange, CA 92868
(714) 939-4700
as of late 2000: (877) 720-7377
FAX: (714) 939-4701

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408
(909) 806-4800
as of late 2000: (877) 720-7377
FAX: (909) 806-4820

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108
(619) 220-7200
as of late 2000: (877) 720-7377
FAX: (619) 220-7201

San Francisco Regional Office

301 Howard Street, Suite 2020
San Francisco, CA 94105
(415) 369-8500
as of late 2000: (877) 720-7377
FAX: (415) 369-8501



While reading this material, remember that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.



California Public Employees' Retirement System

400 P Street

Sacramento, CA 95814

www.calpers.ca.gov

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